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MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION  
INDUSTRY ADVISORY  
REGULATORY GUIDANCE

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January 10, 2025

**Guidance on Licensing Requirements for Mortgage Trusts  
and Notice of Emergency Regulations**

The Maryland Office of Financial Regulation (OFR) issues this formal guidance to clarify the applicability of licensing requirements under Maryland law for persons engaged in mortgage lending, including mortgage trusts and their assignees. This guidance reflects OFR's understanding of the Court's decision in *Estate of Brown v. Ward*, 261 Md. App. 385 (2024), which OFR applies to all mortgage loans, including but not limited to, mortgage loans that elect either the Credit Grantor Revolving Credit Provisions (OPEC) and Credit Grantor Closed-End Credit Provisions (CLEC).

To enable compliance, OFR has promulgated [emergency regulations](#), which took effect today, January 10, 2025, to ensure that mortgage trusts can obtain appropriate licensure and satisfy statutory requirements without undue burden. *See* 52:1 Md. R. 17 (January 10, 2025). OFR directs persons subject to this guidance to review the attached emergency regulations, immediately begin compliance efforts to meet licensing requirements, and contact OFR for assistance or clarification as needed. OFR will suspend enforcement activities against those potentially subject to these new regulations through April 10, 2025 to encourage applications for the requisite licenses.

**Background**

In *Estate of Brown v. Ward*, the Appellate Court of Maryland held that persons, including mortgage trusts, that acquire revolving credit plans under OPEC are subject to licensing requirements. The Court reaffirmed that an assignee inherits the rights and obligations of the original lender, including the duty to be licensed under Maryland law. The Court further explained that “excusing all assignees from the licensing requirement would render the licensing scheme largely ineffective as a means of ensuring that the party responsible for complying with the various consumer protection provisions of the statute has the requisite fitness to do so.”

OFR first recognizes that the same reasoning applies to closed-end credit agreements governed by CLEC. OPEC and CLEC are companion subtitles that were enacted together. Both subtitles regulate credit agreements, impose limits on interest rates and fees, and include licensing requirements to ensure lenders are supervised and meet fitness standards. The core consumer protection principles, nearly

identical across both subtitles, were designed to ensure the fitness, supervision, and accountability of credit grantors and their assignees.

OFR additionally recognizes that the same reasoning applies to all mortgage loans. In its decision, the Court reaffirmed the common law principle that an assignee of a loan “succeeds to the same rights and obligations as the assignor.” This principle is equally applicable to other mortgage loans, as nothing in the licensing provisions explicitly exempts assignees of mortgage loans from regulatory obligations. Applying this reasoning would close any potential “loopholes” that allow assignees of mortgage loans to avoid licensing requirements and thereby “render the licensing scheme largely ineffective...” *Id.* at 422.

## **Industry Guidance and Compliance**

### **1. Licensing Applies to All Assignees of Mortgage Loans**

Unless expressly exempted from licensing requirements, persons that acquire or obtain assignments of any mortgage loans, including but not limited to open-end (OPEC) or closed-end (CLEC) mortgage loans, are subject to licensing requirements under:

- Financial Institutions Article, Title 11, Subtitle 3 (Installment Loan Licensing); and
- Financial Institutions Article, Title 11, Subtitle 5 (Maryland Mortgage Lender Law) when the loan is secured by residential property.

NOTE: an entity licensed under Maryland Mortgage Lender Law and engaging solely in a mortgage lending business need not obtain an Installment Loan license; *see* Financial Institutions §11-302(b).

### **2. Mortgage Trusts Must Comply with Licensing**

Mortgage trusts, including passive trusts, must comply with OFR's licensing requirements as clarified by the emergency regulations.

### **3. Enforcement Suspended Until April 10, 2025**

OFR expects compliance with applicable licensing requirements but will delay any enforcement actions for three months.

### **4. Steps for Compliance**

- Review Licensing Status: Persons subject to this advisory must audit existing portfolios to determine whether they hold the proper licenses for any assigned mortgage loan agreements.
- Submit Applications: Mortgage trusts must designate a principal officer and provide evidence of net worth or mortgage assets as required under the new regulations.

## **Emergency Regulations: Licensing of Mortgage Trusts**

To facilitate compliance with *Estate of Brown*, OFR has promulgated emergency regulations under COMAR 09.03.06. These emergency regulations will expire on June 16, 2025 date, and OFR has submitted the same provisions as the proposed, permanent regulations. The [proposed regulations](#) have also been published and are currently open for comment. *See* 52:1 Md. R. 27–33 (January 10, 2025).

The emergency regulations:

- 1. Enable Mortgage Trust Licensing:** Define “passive trusts” to include mortgage trusts that acquire, but do not originate, broker, or service, mortgage loans; allow a passive trust to designate the trustee, or a principal officer of the trustee if the trustee is not a natural person, as the passive trust’s qualifying individual.
- 2. Simplify the Net Worth Requirement:** A passive trust can satisfy the statutory net worth requirement by providing evidence of assets, such as securitized mortgage pools, that will be held within 90 days of licensure. This provision is intended to establish a practical means of compliance for mortgage trusts structured to hold mortgage assets.
- 3. Clarify Licensing Procedures:** Overall, the regulations have been promulgated to establish clear procedures for passive trusts to meet Maryland licensing obligations under the Mortgage Lender Law and related provisions.

## Contact

For any questions regarding this advisory, please contact Clifford Charland, Director of Operations – Financial Services Licensing and Supervision, by phone at 410-230-6167 or by e-mail at [clifford.charland@maryland.gov](mailto:clifford.charland@maryland.gov). For questions regarding the application process or the qualifications for licensure, please contact Arlene Williams, Director of Licensing, by phone at 410-230-6068 or by email at [arlenef.williams@maryland.gov](mailto:arlenef.williams@maryland.gov). For assistance with the use of the Nationwide Multistate Licensing System (NMLS) when applying for licensure, please contact the NMLS Call Center at 1-855-665-7123; the call center is open Monday - Friday from 9:00AM to 9:00PM Eastern Time. Please note that OFR staff are not able to provide assistance with the use of the NMLS.

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*The Office of Financial Regulation, a division of the Maryland Department of Labor, is Maryland's consumer financial protection agency and financial services regulator. For more information, please visit our website at [www.labor.maryland.gov/finance](http://www.labor.maryland.gov/finance).*



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